

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 322
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES**

March 28, 2014

A meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, March 28, 2014, at 12 p.m. in Room N-1808 of the Michael Bilandic Building, 160 North LaSalle Street, Chicago, Illinois.

Roll Call was taken with the following trustees in attendance:

Justice Mary S. Schostok, Chairperson
Judge James R. Moore, Vice-Chairperson
Judge George J. Bakalis
Bridget Byron, Proxy for State Treasurer Dan Rutherford
Judge Debra Walker, Proxy for Chief Justice Rita Garman

Others present:

Timothy B. Blair, Administrative Secretary
Jayne L. Waldeck, Manager, Judges' Retirement System
William Atwood, Illinois State Board of Investment

With a quorum present, Chairperson Schostok called the meeting to order at 12 p.m.

PUBLIC COMMENTS

Justice Schostok asked if any members of the public wished to address the Board. There were no members of the public in attendance. Chairperson Schostok introduced to the Board Judge Debra Walker, appointed to serve on the JRS Board of Trustees as the proxy for Chief Justice Rita Garman.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)

William Atwood, ISBI Director, distributed copies of the Flash Report dated February 28, 2014 and reviewed the performance of the ISBI portfolio and selected asset classes. As of February 28, 2014, Mr. Atwood noted the total portfolio provided a 13.3% fiscal year to date return. Mr. Atwood continued by briefly reviewing the fiscal year to date performance of several of the asset classes within the portfolio, noting that most had continued to outperform their benchmarks.

He reported that William Blair, a Mid-Cap Growth manager, is on the watch list but the portfolio continues to add value. Mr. Atwood then offered to entertain questions. Chairperson Schostok thanked Mr. Atwood for his informative report and excused him from the remainder of the meeting. Trustee Walker moved to approve the ISBI report with Trustee Byron seconding the motion, which passed unanimously. A copy of the February 28, 2014 ISBI Flash Report is maintained in the ISBI office and made part of these minutes as *Exhibit A*.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 321 held on January 9, 2014, were presented by Chairperson Schostok for approval. Copies of these minutes were previously submitted to all trustees for preliminary review. On a motion by Trustee Bakalis and seconded by Trustee Moore, the minutes of the meeting held January 9, 2014 were unanimously approved.

READING OF COMMUNICATIONS

Chairperson Schostok asked Secretary Blair if there were any communications to be presented to the Board. Secretary Blair provided a copy of the letter appointing Judge Debra Walker as proxy for Chief Justice Rita Garman. Chairperson Schostok congratulated Judge Walker for her appointment to the Board.

REPORT OF CHAIRPERSON

Chairperson Schostok reported to those present that the Compliance Examination for the year ended June 30, 2013, had been completed and released. She asked Secretary Blair to comment on the finding contained within the Compliance Report. Secretary Blair explained that JRS, which is administratively combined with the State Employees' Retirement System and the General Assembly Retirement System, was found to have inadequate project management over the development of the new computer systems. Secretary Blair noted the compliance review had been performed by BKD and noted all deficiencies had been corrected in the nine months since June 30, 2013.

Copies of the FY 2013 Financial Audit and the FY 2013 Compliance Audit will be mailed to the Board members for review.

REPORT OF ANY TRUSTEE

There were no reports by other trustees.

REPORT OF SECRETARY

Preliminary Review of FY 2015 Operations Budget. Secretary Blair reviewed the Executive Summary of the FY 2015 Preliminary Budget Request. He explained that the Budget Request represents a 4% increase over the current year budgeted amount. He further explained that the budget information provided for the Board's review shows allocations for JRS and GARS with a 75%/25% split between the two systems based on the number of members and annuitants. Secretary Blair reviewed the items having a cost impact on the FY 2015 budget, including an increase in Personal Services, Employer Retirement and Contractual Services. The Commodities and Equipment lines remain the same as FY 2014 while the Group Insurance, Travel, Printing and Information Technology lines have been reduced for FY 2015.

Following review of the information presented to the Board, brief discussion was held. Trustee Bakalis moved to approve the preliminary budget as presented pending approval by the GARS Board at their April meeting. Trustee Moore seconded the motion and all were in favor.

Financial Statements ending December 31, 2013. Secretary Blair briefly reviewed the financial statements and noted for the Board that JRS has transferred \$6 million to the ISBI between July 1 and December 31, 2013. He added the System projects fund transfers to the ISBI during fiscal year 2014 to

be least \$13 million, assuming the System continues to receive contributions from the Comptroller's Office in a timely manner. Following the review, Trustee Walker moved to approve the financial statements. Trustee Moore seconded the motion, which passed unanimously. Official copies of these Financial Statements have been placed on file and made a part of these minutes as Exhibit B.

FY 2014 Funding Update. Secretary Blair informed the Board that he had addressed the funding issues during the discussion of the Financial Statements.

Legislative Update. Secretary Blair reported that he did not expect any legislation that affects JRS to become law. He further noted that he did not expect significant legislation that would affect any of the State-funded systems to be considered until the Courts have considered the constitutionality of the pension reform legislation that was passed in December 2013.

REPORT OF THE MANAGER

Annuities and Refunds for Approval. Ms. Waldeck reviewed sixteen retirement annuities processed since the last Board meeting totaling \$174,481.85 per month and six survivor annuity benefits processed during the reporting period totaling \$42,192.33 per month. A review of the Refunds for Approval reflected one termination refund and three Survivor Annuity Contribution Refunds totaling \$141,097.80. There being no questions, Trustee Walker moved for approval of the annuities and Trustee Byron seconded the motion. The motion passed unanimously.

Deaths of Members. Ms. Waldeck reported the deaths of ten JRS members since the January meeting. This report is made a part of these minutes as *Exhibit C*.

OLD BUSINESS

No old business was reported.

NEW BUSINESS

No new business was reported.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Walker moved to adjourn at 1:25 p.m. Her motion was seconded by Trustee Bakalis and passed unanimously. Chairperson Schostok added the next meeting of the Board is scheduled for Friday, July 25, 2014, and the meeting adjourned.

Timothy B. Blair, Secretary

Date: _____

APPROVED:

Chairperson Mary S. Schostok